

## Message Text

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44-41

ACTION EA-13

INFO OCT-01 SS-14 ADP-00 AID-10 IGA-02 NSC-10 NSCE-00

CIAE-00 INR-10 NSAE-00 RSC-01 L-02 EB-03 OMB-01

TRSE-00 RSR-01 /068 W

----- 082323

R 160932 Z APR 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 920

INFO AMEMBASSY BANGKOK

AMEMBASSY SAIGON

C O N F I D E N T I A L PHNOM PENH 3602

LIMDIS

FOR STATE/ AID

E. O. 11652 : GDS

TAGS: EAID, ECON, CB

SUBJECT: LETTER TO MARSHAL LON NOL ON DRAWDOWNS OF RICE STOCKS  
IN PHNOM PENH

1. AS YOU ARE AWARE FROM OUR PREVIOUS REPORTING ( PHNOM  
PENH 2910) WE HAVE BEEN MORE AND MORE CONCERNED AT THE  
INCREASING RATE OF DEPLETION OF RICE STOCKS HELD IN  
PHNOM PENH. IN THE PERIOD FROM FEBRUARY 15 TO APRIL 9  
AN AVERAGE OF 597 METRIC TONS OF RICE WERE WITHDRAWN  
DAILY FROM WAREHOUSE STOCKS. THIS COMPARES WITH AN  
AVERAGE DAILY WITHDRAWAL OF 367 TONS IN NOVEMBER,  
DECEMBER , AND JANUARY AND A DAILY DRAWDOWN OF 450 TONS  
WHICH WE USED AS A BASE FOR CALCULATING PHNOM PENH' S  
ANNUAL REQUIREMENT S.

2. ALTHOUGH WE HAVE ALREADY MADE REPRESENTATIONS AT  
LOWER LEVELS, WE HAVE DEEMED IT DESIRABLE TO BRING  
THIS PROBLEM TO THE ATTENTION OF MARSHAL LON NOL. I  
THEREFORE SENT HIM A LETTER ON THE SUBJECT ON APRIL 16,  
THE ENGLISH TRANSLATION OF WHICH FOLLOW S:  
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3. BEGIN TRANSLATION.

A) MARSHAL. I REGRET THAT I MUST DRAW YOUR PERSONAL ATTENTION TO A SERIOUS PROBLEM WHICH HAS RECENTLY BECOME APPARENT WITH RESPECT TO THE DISTRIBUTION OF RICE IN PHNOM PENH.

B) AS YOU ARE AWARE THE IMPORTS OF RICE INTO THE REPUBLIC WHICH ARE NECESSARY TO COVER THE PRESENT DEFICIT OF PRODUCTION IN CAMBODIA ARE FINANCED BY MY GOVERNMENT. A QUANTITY OF 70,000 TR FOREIGN POLICY HIGHLIGHTS INCLUDED DECISION BY INDEPENDENT COUNTRIES TO SEND JOINT TRADE MISSION TO CUBA IN MAY AND ADOPTION OF RESOLUTION TO DRAFT REGIME FOR MUTUAL ASSISTANCE AGAINST EXTERNAL AGGRESSION AND TO SECURE POLITICAL INDEPENDENCE AND TERRITORIAL INTEGRITY ALL MEMBER STATES. END SUMMARY.

1. COMMONWEALTH CARIBBEAN HEADS OF GOVERNMENT CONFERENCE CLOSED JUST AFTER DAWN FRIDAY APRIL 13 WITH SIGNATURE BY 10 OF CARIFTA' S 12 MEMBERS OF " THE GEORGETOWN ACCORD" PROVIDING FOR ESTABLISHMENT OF CARIBBEAN COMMUNITY, INCLUDING CARIBBEAN COMMON MARKET ( CCM), IN TWO STEPS. CONFERENCE COMMUNIQUE ANNOUNCED THAT JAMAICA, TRINIDAD AND TOBAGO, GUYANA AND BARBADOS- CARIFTA' S INDEPENDENT, MORE DEVELOPED COUNTRIES ( MDC' S)-- WOULD SIGN COMMUNITY AND CCM TREATY AT CHAGUARAMAS ON JULY 4, 1973 TO COME INTO FORCE AUGUST 1, 1973. JULY 4 CHOSEN AS BIRTHDAY LATE JAMAICAN PRIME MINISTER NORMAN MANLEY, REGARDED AS FATHER CARIBBEAN INTEGRATION, AND ( THOUGH NOT STATED) AUGUST 1 BECAUSE MDC' S BELIEVE FUNCTIONING CCM WILL ENHANCE CARIBBEAN COMMONWEALTH BARGAINING STATURE IN NEGOTIATIONS ON FORM REGIONAL RELATIONSHIP WITH ENLARGED EEC SCHEDULED BEGIN SAME DAY.

2. SIX OF CARIFTA' S EIGHT LESS DEVELOPED MEMBERS ( LDC' S), COMPRISING ASSOCIATED STATES AND COLONIES STILL TIED TO UK, UNDERTOOK TO JOIN BY MAY 1, 1974 WHEN COMMUNITY AND CCM WILL SUPERCEDE CARIBBEAN FREE TRADE ASSOCIATION. NO LDC OR MDC TIMETABLE ANNOUNCED FOR ADOPTION OF FULL COMMON EXTERNAL TARIFF. ADHERING TO " ACCORD" WERE BELIZE, DOMINICA, GRENADA, ST. KITTS- NEVIS- ANGUILLA, ST. LUCIA AND ST. VINCENT. ANTIGUA AND MONTSERRAT DID NOT SIGN. ANTIGUA WANTED MORE TIME TO PONDER TREATY IMPLICATIONS, DELEGATION CLAIMING LACK OF AUTHORITY TO COMMIT ITS GOVT. WHEN MONTSERRAT CLEARLY INDICATED ITS UNWILLINGNESS TO GO ALONG, SUMMIT MEETING COMMISSIONED MINSTERIAL DELEGATION TO MAKE ON- THE- SPOT SURVEY OF ISLAND CONDITIONS AND WORK OUT SPECIAL DEVELOPMENT LIMITED OFFICIAL USE

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MEASURES. CHIEF MINISTER BRAMBLE QUOTED AS TYING MONTSERRAT'S ACCESSION TO OUTCOME OF MINISTERIAL VISIT.

3. LDC PAPER TABLED BY MONTSERRAT ( WHICH HAD PRECIPITATED COUNCIL OF MINISTERS MEETING DEADLOCK) WAS MAIN FOCUS OF PROTRACTED AND SOMETIMES HECTIC SUMMIT DELIBERATIONS. ( SOME QUARTERS SUSPECTED BRITISH OF HAVING GHOSTED " VERY WELL WRITTEN" PRESENTATION.) FULL EXTENT OF CONCESSIONS NOT CLEAR, BUT MDC'S EVENTUALLY ACCEPTED PART OF LDC DEMANDS FOR EXPANDED, FIRMER PACKAGE OF ECONOMIC BENEFITS TO COMPENSATE FOR HIGHER LIVING COSTS WHICH WILL RESULT FROM INTRODUCTION CCM COMMON EXTERNAL TARIFF. THREE INSTRUMENTS TO ENCOURAGE LDC INDUSTRIALIZATION PROMISED ON JUNE 1, 1973:

( A) CARIBBEAN INVESTMENT COMPANY, TO INVEST IN LIST OF LDC EARMARKED INDUSTRIES; ( B) HARMONIZATION OF FISCAL INCENTIVES TO INDUSTRY, ALLOWING LDC'S, INTER ALIA, TO GRANT LONGER TAX HOLIDAYS THAN MDC'S FOR SPECIFIC INDUSTRIES; ASD ( C) MDC- LDC DOUBLE TAXATION AGREEMENT, TO STIMULATE CAPITAL FLOWS TO LDC'S. OTHER MEASURES INCLUDED REGIONAL AGRICULTURAL RATIONALIZATION SCHEME WITH SPECIAL LDC BENEFITS TO BE INTRODUCED JULY 1, 1975 AND PREPARATION REGIONAL PERSPECTIVE PLAN EMPHASIZING ACHIEVEMENT SPECIFIC DEVELOPMENT TARGETS IN ALL COUNTRIES.

4. UNDER HEADING " REGIONAL COOPERATION IN PRICE CONTROL," GOVTS ALSO AGREED TO EXCHANGE INFORMATION REGULARLY ON PRICES OF SELECTED IMPORTS INFLUENCING COST OF LIVING AND OF MACHINERY AND EQUIPMENT, WITH CONSIDERATION GIVEN TO POSSIBLE ECONOMIES FROM JOIN REGIONAL BULK PURCHASES. IF NOT INSTIGATOR, GUYANA MUST HAVE WARMLY SUPPORTED MEASURE THAT MIGHT PROMOTE ITS CONTROVERSIAL STATE TRADING ( ETB) / PRICE CONTROL POLICIES THROUGHOUT REGION.

5. VITAL MDC CONCESSION INVOLVED PUBLIC ACKNOWLEDGEMENT FOR FIRST TIME THAT LDC'S NOT NECESSARILY BOUND TO " COMMON APPROACH" ON ASSOCIATION WITH EEC. PRINCIPLE OF SEEING GROUP RELATIONSHIP REAFFIRMED, BUT " WITHOUT PREJUDICE TO RIGHT OF NON- INDEPENDENT COUNTRIES TO CHOOSE OWN FORM OF RELATIONSHIP." MDC'S CONTINUE TO FAVOR LOOSE ARRANGEMENT WHILE LDC'S PREPARED TO ABANDON JOINT FRONT, SHOULD IT PRECLUDE ACCESS TO EUROPEAN DEVELOPMENT FUND, AND EXERCISE THEIR CONSTITUTIONAL RIGHT TO ACCEPT PART IV RELATIONSHIP

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\*\*\* Current Classification \*\*\* CONFIDENTIAL

## Message Attributes

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**DecapTION Date:** 28 MAY 2004  
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**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
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**Disposition Comment:** 25 YEAR REVIEW  
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**TAGS:** EAID, ECON, CB  
**To:** BANGKOK  
EA  
SAIGON  
SECSTATE WASHDC  
**Type:** TE  
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